

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-01 PRS-01 /091 W
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R 210809Z JAN 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5144

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

CINCPAC

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CINCPAC FOR POLAD

E. O. 11652: NA

TAGS: EGEN, ETRD, EINV, ASEAN, EC, JA, US, RP

SUBJECT: MARCOS CALLS FOR ASEAN/JAPAN SUMMIT AT ECONOMIC
MINISTERIAL MEETING

1. SUMMARY. PRESIDENT MARCOS CALLED FOR GREATER ASEAN SOLIDARITY
AND FASTER IMPLEMENTATION OF THE ASEAN INDUSTRIAL PROJECTS IN A
SPEECH OPENING THE THIRD ASEAN ECONOMIC MINISTERIAL MEETING
ON JANUARY 20 AT THE PHILIPPINE INTERNATIONAL CONVENTION
CENTER. THE PRESIDENT ALSO REITERATED HIS SUGGESTION FOR AN
ASEAN/JAPAN SUMMIT MEETING (WHICH HE LATER AMPLIFIED AT
PLANESIDE AFTER SEEING OFF SINGAPORE PRIME MINISTER LEE KUAN
YEW). HE URGED ACCELERATED AND EXPANDED ASEAN CONSULTATIONS
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WITH THE UNITED STATES AND WESTERN EUROPE, AND PARTICULARLY
IN THE CASE OF THE UNITED STATES, "TO PRESERVE THE
PRESENT SYSTEM OF TAX DEFERRAL FOR AMERICAN INVESTMENTS."
END SUMMARY.

2. POINTING OUT THAT WHILE ASEAN HAS PROVED TO BE
NEITHER A DISMAL FAILURE NOR AN UNQUALIFIED SUCCESS,

THE PRESIDENT STATED THAT IT WAS A VIABLE ORGANIZATION AND THE MOST SUCCESSFUL REGIONAL GROUPING IN ASIA, AND WOULD PLAY A MOST VITAL ROLE IN DECIDING WHAT KIND OF FUTURE WOULD BE IN STORE FOR THE REGION. HE CALLED ON THE ECONOMIC MINISTERS TO REVIEW THE ASEAN PROJECTS (INCLUDING THE NON-INDUSTRIAL ONES), MAP OUT A PROGRAM ON ACTION, AND ASSESS AND RESTRUCTURE THE ORGANIZATION'S MACHINERY.

3. THE PRESIDENT SEEMED TO BE PREOCCUPIED WITH THE ECONOMIC DIFFICULTIES WHICH THE ASEAN COUNTRIES FACE (AND PARTICULARLY THOSE WHICH THE PHILIPPINES FACE IN VIEW OF ITS EXCESS SUGAR STOCKS AND HOTEL ROOMS). WARNING OF POTENTIAL RESTRICTIVE MEASURES TO BE IMPOSED BY "OUR TRADITIONAL PARTNERS IN THE DEVELOPED COUNTRIES," MARCOS STRESSED THE NEED FOR COLLECTIVE ACTION BY ASEAN.

4. AMONG THE MEASURES RECOMMENDED BY THE PRESIDENT ARE--

A. AN ACROSS-THE-BOARD PREFERENTIAL TARIFF ARRANGEMENT WITHIN ASEAN, SIMILAR TO THE 10 PERCENT REDUCTION OF TARIFFS ANNOUNCED EARLIER BETWEEN THE PHILIPPINES AND SINGAPORE.

B. THAT THE ASEAN COUNTRIES VEST IN THEIR RESPECTIVE ECONOMIC PLANNING MINISTERS THE COORDINATING ROLE OF DECISION-MAKING ON MATTERS COVERING ASEAN ECONOMIC COOPERATION.

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C. PROBLEMS IN PRIMARY COMMODITIES MUST BE RESOLVED, AND LONG TERM SUPPLY AGREEMENTS BE CONSIDERED TO STABILIZE REGIONAL EXPORT EARNINGS.

D. THERE MUST BE EXTENSIVE COOPERATION IN FOOD AND ENERGY, AND LATER MONETARY CLEARING ARRANGEMENTS SHOULD BE MADE TO SUPPORT REGIONAL PROGRAMS.

E. INITIATIVES BE TAKEN TO ACCELERATE AND WIDEN ASEAN CONSULTATIONS WITH THE UNITED STATES, WESTERN EUROPE AND JAPAN, AND PARTICULARLY IN THE CASE OF THE UNITED STATES, "TO PRESERVE THE PRESENT SYSTEM OF TAX DEFERRAL FOR AMERICAN INVESTMENTS."

F. THAT THE ASEAN ECONOMIC MINISTERS BEGIN AN IMMEDIATE DIALOGUE WITH THEIR JAPANESE COUNTERPART AS A PRELIMINARY STEP TO BRING ABOUT A MEETING OF THE ASEAN HEADS OF STATE AND JAPAN TO DRAW UP AGREEMENTS ON LONG-

TERM SUPPLIES OF RAW MATERIALS FROM SOUTHEAST ASIA TO
JAPAN.

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INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07
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R 210809Z JAN 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 5145
INFO AMEMBASSY BANGKOK
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5. PRESIDENT MARCOS ALSO CALLED FOR A SECOND ASEAN
SUMMIT "TO CONFRONT ISSUES OF REGIONAL AND GLOBAL
IMPORTANCE AT THE HIGHEST LEVEL." (PM LEE IMPLIED
YESTERDAY THAT THIS WOULD TAKE PLACE IN MID-YEAR IN
KUALA LUMPUR).

6. COMMENT: WHAT PRESIDENT MARCOS SAID IN HIS SPEECH
APPEARS FAMILIAR TO ANYONE WHO HAS READ THE GOP/GOS
JOINT STATEMENT OR HEARD THE REMARKS OF PRIME MINISTER
LEE AT THE JOINT PRESS CONFERENCE IN BAGUIO. THE
EMPHASIS ON AN ASEAN PREFERENTIAL TARIFF ARRANGEMENT,
THE NEED FOR AN INCREASED FLOW OF TRADE TO AND OF INVEST-
MENTS FROM THE DEVELOPED COUNTRIES, AND THE DESIRABILITY
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FOR EXPANDED DIALOGUES WITH THE UNITED STATES, JAPAN,
AND THE EC ARE FAMILIAR SINGAPOREAN THEMES.

7. UNTIL YESTERDAY MARCOS WAS SILENT ON A US/ASEAN
DIALOGUE, LEAVING THE FIELD TO PRIME MINISTER LEE.
HE COULD NOT BE BUT AWARE OF THE IMPORTANCE OF U.S.
PRIVATE INVESTMENTS. THE CALL TO PRESERVE THE PRESENT
SYSTEM OF TAX DEFERRAL FOR AMERICAN INVESTMENTS IS
SOMEWHAT PUZZLING FOR IT APPEARS TO REFER TO THE
PROPOSED ABOLITION OF DISC. WE WILL MAKE INQUIRIES
AS TO WHAT IS BEHIND THIS CALL.

8. PRESIDENT MARCOS WAS PUBLICLY MORE ENTHUSIASTIC
ABOUT THE ASEAN/JAPAN DIALOGUE, EXPANDING HIS PREVIOUS
SUGGESTION FOR A SUMMIT TO INCLUDE A PRELIMINARY ECONOMIC
MINISTERIAL MEETING. HE HELD OUT THE PROSPECTS OF LONG-
TERM SUPPLIES OF RAW MATERIALS (SUGAR, ANYONE?). BUT
HE NEGLECTED TO ADD PRIME MINISTER LEE'S ACERBIC CONDITION
OR HIS OWN IMPLIED CAVEAT THAT THE JAPANESE MUST MAKE
A FIRM COMMITMENT TO SUPPORT ASEAN PROJECTS WITH
FINANCIAL AND TECHNOLOGICAL ASSISTANCE BEFORE PRIME
MINISTER FUKUDA WOULD BE INVITED.

9. ALL IN ALL, PROGRESS IN ASEAN ECONOMIC COOPERATION
HAS BEEN SLOW, BUT THERE IS NOW A SENSE OF URGENCY,
AND PERHAPS A FEELING THAT THE "TRADITIONAL PARTNERS"
OUGHT TO BE CALLED ON, EVEN PUBLICLY, FOR HELP.
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Message Attributes

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Disposition Date: 22 May 2009
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